



*United States Attorney
Southern District of New York*

FOR IMMEDIATE RELEASE
JUNE 10, 2003

CONTACT: U.S. ATTORNEY'S OFFICE
MARVIN SMILON, HERBERT HADAD,
MICHAEL KULSTAD
PUBLIC INFORMATION OFFICE
(212) 637-2600

**SAMUEL WAKSAL SENTENCED IN FEDERAL COURT TO
7 YEARS 3 MONTHS IN PRISON, FINED \$3 MILLION**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that SAMUEL WAKSAL, the former president and chief executive officer of ImClone Systems, Inc. ("ImClone") was sentenced today in Manhattan federal court to 7 years and 3 months in prison for securities fraud, conspiracy, obstruction of justice, perjury, bank fraud, and wire fraud. United States District Judge WILLIAM H. PAULEY III also fined WAKSAL \$3 million and ordered him to pay restitution of more than \$1.2 million.

On October 15, 2002, WAKSAL pled guilty to two counts of securities fraud, and one count each of conspiracy, obstruction of justice, perjury, and bank fraud that had been charged in a 13-count Indictment that was filed on August 7, 2002.

In pleading guilty, WAKSAL admitted that he engaged in

a scheme to trade on the basis of inside information about the impending refusal of the United States Food and Drug Administration to accept for filing ImClone's application for approval of its leading pharmaceutical product, Erbitux. WAKSAL admitted that on the morning of December 27, 2001, he caused his daughter to sell 39,472 ImClone shares -- all of her ImClone shares -- yielding proceeds of approximately \$2.4 million. WAKSAL also admitted that within hours after receiving information of the FDA's impending action, WAKSAL attempted to cause 79,797 of his own ImClone shares to be sold.

WAKSAL admitted that after these transactions he engaged in efforts to obstruct a United States Securities and Exchange Commission ("SEC") investigation into insider trading in ImClone common stock by providing false testimony before the SEC, agreeing with his daughter to testify falsely before the SEC, and by directing another person to destroy documents that had been subpoenaed by the SEC.

WAKSAL also pled guilty to engaging in a separate scheme, unrelated to the insider trading charges, to defraud the Bank of America, N.A. ("Bank of America") by pledging ImClone securities that he no longer owned to secure loans made to him by Bank of America. In connection with the scheme, WAKSAL admitted that he provided Bank of America with a document on which he had forged the signature of ImClone's General Counsel.

On March 3, 2003, while awaiting sentencing on the counts to which he had previously pled guilty, WAKSAL was charged with and pled guilty to additional charges of conspiracy to commit wire fraud and wire fraud in connection with a scheme to evade approximately \$1.2 million in sales taxes owed on over \$15 million in art he purchased. WAKSAL admitted that he conspired with the owner and principal manager of a New York art gallery to evade sales taxes owed on the artwork.

Judge PAULEY imposed the maximum sentence available under the United States Sentencing Guideline range applied to WAKSAL's offenses of 87 months' imprisonment. Judge PAULEY also fined WAKSAL \$3 million, the maximum permitted by law. Judge PAULEY also ordered WAKSAL to pay restitution of \$1,263,075, the amount of his avoided sales tax, to the New York State Tax Commission,

In imposing sentence, Judge PAULEY stated that WAKSAL's crimes were "emblematic of a pattern of lawlessness and arrogance." Addressing WAKSAL, Judge PAULEY stated, "You abused your position of trust as the chief executive officer of a major corporation and undermined the public's confidence in the integrity of the capital markets, then you tried to lie your way out of it, showing a complete disregard for the fair administration of justice."

Judge PAULEY directed WAKSAL to surrender for service of his sentence on July 2, 2003, and ordered that WAKSAL be subject to home confinement with electronic monitoring pending his surrender.

Mr. COMEY stated: "We are satisfied with the sentence, which shows that corporate crooks will serve real jail time. But there are no winners in a case like this. Sam Waksal ruined his own life and the financial lives of many innocent investors."

WAKSAL, 55, lives in Manhattan.

Mr. COMEY, a member of the President's Corporate Fraud Task Force, praised the efforts of the Federal Bureau of Investigation and thanked the SEC for its assistance in the investigation of this case.

Assistant United States Attorney MICHAEL S. SCHACHTER is in charge of the prosecution.

03-141

###